

**NORTHWEST KANSAS  
TECHNICAL COLLEGE**

**Goodland, Kansas**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
June 30, 2019**

**NORTHWEST KANSAS TECHNICAL COLLEGE**  
Goodland, Kansas

Table of Contents

	<b>Page Number</b>
<b>Board Members</b>	1
<b>Independent Auditors' Report</b>	2
<b>Management's Discussion and Analysis</b>	4
<b>Basic Financial Statements:</b>	
Statement of Net Assets	12
Statement of Revenues, Expenses, and Changes in Net Assets	13
Statement of Cash Flows	14
Notes to Financial Statements	16
<b>Other Supplementary Information</b>	
Combining Schedule to Major Funds - Schedule of Net Position	30
Combining Schedule to Major Funds - Schedule of Revenues, Expenses and Changes in Net Position	31
Combining Schedule to Major Funds - Schedule of Cash Flows	32
Schedule of Expenses by Function and Object	33
<b>Federal Awards Section:</b>	
Schedule of Expenditures of Federal Awards	34
Notes to Schedule of Expenditures of Federal Awards	35
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with <i>Government Auditing Standards</i>	37
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	39
Schedule of Findings and Questioned Costs	41

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

## AREA BOARD OF CONTROL

### OFFICERS

Dan Wasson  
Paul Bruggeman  
Brad Bucl  
Frank Otter  
Richard "Dick" Short

Chairman  
Vice Chairman  
Secretary  
Treasurer  
Assistant Treasurer

### COMMITTEEE CHAIRS

Eric Erven  
Mark Hanson  
Giovani Caasi  
Billi Beckman  
Randy Balluch

Buildings and Grounds  
Curriculum  
Faculty  
Public Relations  
Student Welfare

### AREA ADVISORY BOARD

Randy Balluch  
Billi Beckman  
Connie Bergquist  
Paul Bruggeman  
Brad Bucl  
Giovani Cassi  
Thad DeWeese  
Myra Douthit  
Eric Erven  
Jerry Gallentine  
Mark Hanson  
Gennifer House

Jessica House  
Greg Jirak  
Kris Lemman  
Frank Otter  
Richard "Dick" Short  
Christine Smith  
Jared Sowers  
Shea Stewart  
Alan Suter  
Linda Vap  
Dan Wasson  
Josh Young

### PRESIDENT

Ben Schears

President

## INDEPENDENT AUDITOR'S REPORT

Area Board of Control  
Northwest Kansas Technical College  
Goodland, Kansas

### Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and component unit of Northwest Kansas Technical College, Goodland, Kansas as of and for the year ended June 30, 2019 and the related notes to the financial statement.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statements in accordance accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective net position of the business activities of Northwest Kansas Technical College, Goodland, Kansas, as of June 30, 2019 and the respective changes in net assets and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the requires supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

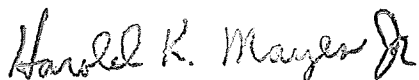
#### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the net position of the business activities, major funds and aggregate remaining information of the College (basic financial statement) as a whole. The supplementary information which includes the combining schedule of major funds for net position, schedule of revenues, expenses and changes in net position and cash flows for the year ended June 30, 2019 (as listed in the table of contents) are presented for analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The schedules listed in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole.

#### ***Other reporting required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Kansas Technical College's internal control over financial reporting and compliance.



Harold K. Mayes Jr CPA  
Agler & Gaeddert Chartered  
Ottawa, Kansas  
October 31, 2019

## **MANAGEMENT DISCUSSION AND ANALYSIS**

# **NORTHWEST KANSAS TECHNICAL COLLEGE**

## **Management's Discussion and Analysis (MD&A)**

**June 30, 2019**

### **INTRODUCTION**

Our discussion and analysis of Northwest Kansas Technical College (College) financial performance provides an overview of the College's financial activities for the fiscal year ended June 30, 2019. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the College's financial statements, which follow this section.

### **USING THIS ANNUAL REPORT**

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; and GASB Statement No. 37, *Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments: Omnibus*, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001. This financial statement format (implemented in the fiscal year ended June 30, 2004) focuses on the College as a whole.

The financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus on the Statement of Net Assets is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on both the gross costs and the net costs of College activities, which are supported substantially by state aid, state and federal grants, student tuition and fees and auxiliary enterprises revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to students and the public.

### **FINANCIAL HIGHLIGHTS**

- ❑ Total net position was \$12,848,155 at June 30, 2019. This was an decrease of \$139,886 or 1% from the prior year. This increase was primarily due to college efforts to increase enrollment and stabilize expenditures.
- ❑ Overall revenues were \$8,386,364 which were lower than expenses of \$8,526,250 by \$(139,886). The decrease was primarily due to reduction in tuition and fees revenue as a result of a decline in full-time enrollment and reduction of scholarship support from the Endowment coupled with increases in depreciation and student support expenses. The Endowment Association cannot continue the same financial commitment a it has in the past due to the draw on unrestricted funds for scholarships have had and annual fundraising is not enough to keep pace with the needs. Administration is aware and taking steps to reduce the scholarship burden.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the College. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ **Government-wide financial statements**, which comprise the first three statements, provide both short-term and long-term information about the entity's overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of the College operations in more detail. The fund financial statements are presented as required supplemental information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of supplementary information that further explains and supports the financial statements.



**NORTHWEST KANSAS TECHNICAL COLLEGE**  
**Management's Discussion and Analysis (MD&A)**

**June 30, 2019**

**Government-Wide Statements**

The government-wide statements report information about the College as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the College's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide statements report the College's net assets and how they have changed. Net assets, the difference between the assets and liabilities, are one way to measure the College's financial health or position.

- ☐ Over time, increases or decreases in the College's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- ☐ To assess the overall health of the College, one needs to consider additional non-financial factors such as changes in enrollment, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the College include all activities. The College's basic services are included here, such as regular education, food service, housing, maintenance, and general administration. Tuition, state aid and federal and state grants finance most of these activities.

**Fund Financial Statements**

- ☐ The fund financial statements provide more detailed information about the College's most significant funds -- not the College as a whole. Funds are accounting devices that the College uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law. The Area Board of Control establishes other funds to control and manage money for particular purposes or to show that the College is meeting legal responsibilities for using certain revenues.

**Net Position** - The College's combined net position was \$12,848,155 at June 30, 2019. This schedule is prepared from the College's Statement of Net Position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. See below:



**NORTHWEST KANSAS TECHNICAL COLLEGE**  
**Management's Discussion and Analysis (MD&A)**

**June 30, 2019**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

Table 1 - Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and demand deposits	\$ 2,003,622	\$ 3,111,493	\$ 3,340,857
Time deposits	4,722,458	4,730,641	4,772,482
Cash in agency funds	2,012	8,513	14,228
Cash & cash equivalents	<u>6,728,092</u>	<u>7,850,647</u>	<u>8,127,567</u>
Accounts receivable, net	1,239,042	925,512	489,879
Accounts receivable, other	113,456	33,158	19,755
Inventories	<u>264,699</u>	<u>279,600</u>	<u>275,206</u>
Total other current assets	<u>1,617,197</u>	<u>1,238,270</u>	<u>784,840</u>
Total current assets	<u>8,345,289</u>	<u>9,088,917</u>	<u>8,912,407</u>
<b>NONCURRENT ASSETS</b>			
Construction in progress	0	0	132,277
Capital assets, net	<u>7,956,429</u>	<u>7,888,752</u>	<u>6,815,767</u>
Total noncurrent assets	<u>7,956,429</u>	<u>7,888,752</u>	<u>6,948,044</u>
Total assets	<u>\$ 16,301,718</u>	<u>\$ 16,977,669</u>	<u>\$ 15,860,451</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Deposits	\$ 0	\$ 0	\$ 26,400
Accounts payable and accrued liabilities	81,779	115,252	75,004
Due to agencies	4,238	13,115	14,328
Due to club accounts	37,255	22,851	17,311
KBOR Infrastructure Loan	0	0	192,965
Note Payable	176,513	171,150	1,781,555
Insurance proceeds payable	1,282,285	1,610,968	0
Deferred revenue	<u>82,474</u>	<u>90,762</u>	<u>36,699</u>
Total current liabilities	<u>1,664,544</u>	<u>2,024,098</u>	<u>2,144,262</u>
<b>LONG-TERM LIABILITIES</b>			
Note Payable	<u>1,789,019</u>	<u>1,965,530</u>	<u>899,237</u>
Total long term liabilities	<u>1,789,019</u>	<u>1,965,530</u>	<u>899,237</u>
Total liabilities	<u>\$ 3,453,563</u>	<u>\$ 3,989,628</u>	<u>\$ 3,043,499</u>
<b>NET POSITION</b>			
Invested in capital assets	\$ 7,956,429	\$ 7,888,752	6,815,767
Restricted for Building Renovation	0	0	149,740
Unrestricted - unassigned	<u>4,891,726</u>	<u>5,099,289</u>	<u>5,851,445</u>
Total net position	<u>\$ 12,848,155</u>	<u>\$ 12,988,041</u>	<u>\$ 12,816,952</u>

**NORTHWEST KANSAS TECHNICAL COLLEGE**  
**Management's Discussion and Analysis (MD&A)**

**June 30, 2019**

**Changes in Net Assets**

The College's total revenues were \$8,401,364. A significant percentage of the revenue comes from state aid (39%). Federal and state grants and contracts accounted for another 7% of total revenues. The total cost of all programs and services was \$8,541,250.

The College's expenses are predominately related to educating and caring for students (65%). Administrative activities accounted for just 12% of total costs. The remaining expenses were for operation of plant (maintenance and operations), cost of sales & services, interest and depreciation.

There are currently no other known facts, decisions or conditions that will have a significant effect on the financial position (net assets) or results of operations (revenues, expenses, and changes in net position).

Table 2 - Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>			
Student tuition and fees	\$ 2,128,394	\$ 2,409,684	\$ 2,170,659
Charges for services	2,342,349	2,269,898	2,041,075
Operating grants & contributions	4,316	8,665	5,744
<b>General revenues</b>			
State appropriations	3,268,232	3,283,004	3,048,460
Federal grants	154,789	163,583	148,931
State and local grants	466,154	237,894	144,422
Investment income	77,011	48,508	21,364
Gain (loss) on asset dispositions	<u>(39,881)</u>	<u>1,718</u>	<u>8,560</u>
<b>Total revenues</b>	<u>8,401,364</u>	<u>8,422,954</u>	<u>7,589,215</u>
<b>Program Expenses</b>			
Administrative	983,597	961,664	1,045,589
Instruction	2,684,597	2,797,683	2,408,970
Academic support	35,097	342	7,121
Operation of plant	955,084	896,390	943,919
Cost of sales & services	418,127	416,453	405,609
Student activities	2,823,716	2,666,877	2,591,858
Interest expense	63,571	59,763	30,559
Depreciation	562,461	452,694	384,381
Transfers out	<u>15,000</u>	<u>0</u>	<u>0</u>
<b>Total Expenses</b>	<u>8,541,250</u>	<u>8,251,866</u>	<u>7,818,006</u>
<b>Increase (decrease) in net position</b>	<u>\$ (139,886)</u>	<u>\$ 171,088</u>	<u>\$ (228,791)</u>

**FINANCIAL HIGHLIGHTS**

As the College completed the year, its operating fund reported a net position balance of \$6,775,223, which was decrease of \$(408,066) from last year's ending fund balance of \$7,183,289. The majority of this decrease derived from reduction of tuition and fees due to a decline of full-time enrollment, scholarship reduction support due to capacity from Endowment, and increases of expenditures for depreciation and salaries/benefits to support students.

**NORTHWEST KANSAS TECHNICAL COLLEGE**  
**Management's Discussion and Analysis (MD&A)**

**June 30, 2019**

**Operating Fund Budgetary Highlights**

Over the course of the year, the College revises its annual budget to reflect unexpected changes in revenues and expenditures thus at year end budget equals revenues and expenses.

**CAPITAL ASSETS**

At June 30, 2019, the College had an investment net of depreciation of \$7,956,429 in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. See Table below for more details. More detailed information about the College's capital assets is presented in the notes to the financial statements.

Table 3 - Capital assets

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land improvements	\$ 356,737	\$ 311,747	\$ 311,747
Building improvements	12,327,797	12,124,633	10,788,096
Furniture and equipment	3,259,177	3,189,026	3,128,975
Construction in progress	<u>0</u>	<u>0</u>	<u>132,277</u>
	<u>15,943,711</u>	<u>15,625,406</u>	<u>14,361,095</u>
 Total accumulated depreciation	 <u>7,987,282</u>	 <u>7,736,654</u>	 <u>6,779,461</u>
	<u><u>\$ 7,956,429</u></u>	<u><u>\$ 7,888,752</u></u>	<u><u>\$ 7,581,634</u></u>

The College's board has a Capital Assets Policy which defines a capital asset as one with an initial unit cost of 2,500 or more.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

At the time these financial statements were prepared and audited, the College was aware of several circumstances that could affect its future financial health:

- Enrollment growth continues to be identified as the number one goal/priority for the College. The College's focus is on increasing the percentage of its full-time students in order to help stabilize state funding through the tiered cost model as well as to stabilize tuition and fees revenue. At the end of the FY'19 fiscal year, the College committed to adding an additional location in Quinter, Ks and began the investment of facilities and equipment that will continue in FY'20 in support of the newest initiatives to increase enrollment..
- The College has maintained its flat rate tuition for FY'20, which is the third year in a row without an increase. While maintaining this rate is an important priority for the College for two main reasons, 1) to keep tuition as reasonable as possible for student affordability and 2) transparency, change in future years may be necessary.
- The grant writing position implemented in recent years has proven to be an essential and successful way to generate funds to improve College programs. This position generated over \$466,000 in state and local grants in FY'19. In FY'20 the College will be researching avenues to try and secure federal grants to support strategic priorities..
- Student accounts receivable continues to be significant and an increasing concern. In FY'19 a full-time position was created to assist with reducing receivables, and we have begun to see some initial results through the state setoff program. In FY'20, the College will finalize its agreement with a formal collection agency for additional support in reducing these balances.

**NORTHWEST KANSAS TECHNICAL COLLEGE**  
**Management's Discussion and Analysis (MD&A)**

**June 30, 2019**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES – continued**

- As a result of late resignations from the soccer coaches this past year, the College analyzed the pros and cons of continuing the program and determined the financial savings of indefinitely suspending the program outweighed the loss of enrollment. Enrollment goals for the remaining athletic programs were adjusted to help offset the anticipated loss. In addition, the Board approved launching a shooting sports program in FY' 210, which we anticipate will increase enrollment and be most cost effective.
- The Precision Ag Farm is an excellent educational opportunity for students. The faculty members work with many industry partners and have great support for the program; however, the cash flow for the farm is not positive. The College has determined that the value of the education and industry support and need currently outweigh the loss and will seek other sources, perhaps through federal grants, to maintain support for this initiative.
- The College recognizes that there will continue to be a decline in current cash balances. The \$2 million in roof repairs, which began in the FY'19 year, from the September 2016 hail storm, are expected to be complete in the FY'20 fiscal year. In addition, the College recognizes the need to secure increased enrollment, while monitoring scholarship awards, to generate tuition and fees to ensure revenues support its expenses

The college remains financially healthy by careful utilization of funds and close management of all financial accounts. The College has minimal indebtedness.

**CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, Kansas Board of Regents, taxpayers, parents, participants, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. For further information please contact Ben Schears, President P.O. Box 668, Goodland, Kansas. For the Endowment Association financial statements, footnotes and auditor's report also contact: Ben Schears, President P.O. Box 668, Goodland, Kansas.

## **FINANCIAL STATEMENTS**

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

## Statement of Net Position

June 30, 2019

	<u>Educational Services</u>	<u>Component Unit Endowment Association</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and demand deposits	\$ 2,003,622	\$ 280,963
Time deposits	4,722,458	0
Cash in agency funds	2,012	0
Cash & cash equivalents	<u>6,728,092</u>	<u>280,963</u>
Accounts receivable	1,239,042	0
Accounts receivable other	113,456	0
Accrued income	0	6,889
Annuity Receivable	0	7,231
Inventories	264,699	0
Total other current assets	<u>1,617,197</u>	<u>14,120</u>
Total current assets	8,345,289	295,083
<b>NONCURRENT ASSETS</b>		
Investments	0	700,069
Annuity Receivable	0	14,940
Capital assets, net	<u>7,956,429</u>	<u>0</u>
Total assets	<u>\$ 16,301,718</u>	<u>\$ 1,010,092</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 81,779	\$ 0
Due to agencies and others	4,238	0
Due to club accounts	37,255	0
Notes Payable	176,513	0
Insurance Proceeds Payable	1,282,285	0
Deferred revenue	<u>82,474</u>	<u>0</u>
Total current liabilities	1,664,544	0
<b>LONG-TERM LIABILITIES</b>		
Notes Payable	<u>1,789,019</u>	<u>0</u>
Total liabilities	<u>\$ 3,453,563</u>	<u>\$ 0</u>
<b>NET POSITION</b>		
Invested in capital assets	\$ 7,956,429	\$ 0
Restricted for		
Nonexpendable		
Scholarships and fellowships	0	503,788
Expendable		
Scholarships and fellowships	0	302,296
Unrestricted - unassigned	<u>4,891,726</u>	<u>204,008</u>
Total net position	<u>\$ 12,848,155</u>	<u>\$ 1,010,092</u>

The accompanying notes are an integral part of these statements.

**NORTHWEST KANSAS TECHNICAL COLLEGE**

Goodland, Kansas

## Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2019

	<b>Educational Services</b>	<b>Component Unit Endowment Association</b>
<b>REVENUES</b>		
Operating Revenues		
Student tuition and fees	\$ 2,128,394	\$ 0
Sales and services of educational departments	992,825	0
Residential life	883,366	0
Student Center	466,158	0
Gifts and Contributions	4,316	395,506
Fund raising events	0	127,358
	<u>4,475,059</u>	<u>522,864</u>
Total operating revenues		
	<u>4,475,059</u>	<u>522,864</u>
<b>EXPENSES</b>		
Operating Expenses		
Administration	891,313	92,629
Instruction	2,684,597	0
Academic support	35,097	0
Operation of plant	955,084	0
Financial aid	0	421,841
Cost of sales and services of educational departments	418,127	0
Student activities	2,823,716	0
Bad debts	92,284	0
Interest Expense	63,571	0
Depreciation	562,461	0
	<u>8,526,250</u>	<u>514,470</u>
Total operating expenses		
	<u>8,526,250</u>	<u>514,470</u>
Operating income (loss)	<u>(4,051,191)</u>	<u>8,394</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	3,268,232	0
Federal grants	154,789	0
State and local grants and contributions	466,154	0
Transfers to Endowment	(15,000)	15,000
Investment income	77,011	13,724
Unrealized appreciation (depreciation) on investments	0	19,467
Gain (loss) on asset dispositions	(39,881)	(508)
	<u>3,911,305</u>	<u>47,683</u>
Net nonoperating revenues		
	<u>3,911,305</u>	<u>47,683</u>
Increase (Decrease) in net assets	<u>(139,886)</u>	<u>56,077</u>
<b>NET POSITION</b>		
Net Position - beginning of year	<u>12,988,041</u>	<u>954,015</u>
Net Position - end of year	<u>\$ 12,848,155</u>	<u>\$ 1,010,092</u>

The accompanying notes are an integral part of these statements.



# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

## Statement of Cash Flows For the Year Ended June 30, 2019

	<u>Educational Services</u>	<u>Component Unit Endowment Association</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 2,036,110	\$ 0
Residential life	883,366	0
Sales and services of educational departments	598,995	0
Auxiliary enterprises charges	466,158	0
Other receipts	(3,972)	0
Gifts and contributions	0	395,506
Fundraising Events	0	127,358
Payments to employees	(4,226,668)	0
Payments to vendors	(3,922,994)	(92,629)
Payments for financial aid	0	(421,841)
Interest Expense	(63,571)	
Net cash provided (used) by operating activities	<u>(4,232,576)</u>	<u>8,394</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	3,268,232	0
Federal and State Grants	620,943	0
Interfund Transfers	(15,000)	15,000
Net cash provided by noncapital financing activities	<u>3,874,175</u>	<u>15,000</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(705,019)	0
Proceeds from Capital Asset Dispositions	35,000	0
Capital Lease Repayments	(171,148)	0
Net cash used by capital financing activities	<u>(841,167)</u>	<u>0</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	0	14,604
Acquisitions of Investments	0	(55,698)
Interest and Income Investment	77,011	29,359
Net cash provided by investing activities	<u>77,011</u>	<u>(11,735)</u>
Net increase (decrease) in cash	(1,122,557)	11,659
Cash - beginning of the year	<u>7,850,649</u>	<u>269,304</u>
Cash - end of year	\$ <u><u>6,728,092</u></u>	\$ <u><u>280,963</u></u>
<b>REFLECTED ON STATEMENT OF NET POSITION:</b>		
Cash and demand deposits	\$ 2,003,622	\$ 280,963
Time deposits	4,722,458	0
Cash in agency funds	<u>2,012</u>	<u>0</u>
	\$ <u><u>6,728,092</u></u>	\$ <u><u>280,963</u></u>

The accompanying notes are an integral part of these statements.

**NORTHWEST KANSAS TECHNICAL COLLEGE**

Goodland, Kansas

Statement of Cash Flows  
For the Year Ended June 30, 2019

	<u><b>Educational Services</b></u>	<u><b>Endowment Association</b></u>
<b>Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities</b>		
Operating income (loss)	\$ (4,051,191)	\$ 41,077
Adjustments to reconcile net income (loss) to net cash:		
Depreciation expense	562,461	0
Bad debts	92,284	0
Unrealized (gain) Loss on investments	0	(19,467)
Realized (gain) loss	0	508
Change in assets and liabilities:		
(Increase)/Decrease in Accrued Income	0	(70)
Receivables, net	(486,114)	0
Inventories	14,901	0
Bond Amortization	0	9,120
Other Assets	0	6,585
Insurance Proceeds Payable	(328,683)	0
Deferred revenue	(8,288)	0
Accounts payable	<u>(27,946)</u>	<u>0</u>
	\$ <u><u>(4,232,576)</u></u>	\$ <u><u>37,753</u></u>

The accompanying notes are an integral part of these statements.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Notes to Financial Statements

June 30, 2019

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwest Kansas Technical College (College), Goodland, Kansas, a member institution of the Kansas Board of Regents system, provides a range of educational programs to meet the needs of the adult population of Northwest Kansas. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula consistent with the needs of employers in the College's service area. The College also provides various developmental education programs, support services and offering to assist students in meeting their personal and professional educational objectives.

The College was established in 1964 under the Kansas Statutes Annotated 72-4401 *et seq.* A nine member Area Board of Control, which is elected from the twenty-five member advisory board, is the College's ruling body, which establishes the policies and procedures by which the College is governed. Advisory board members are representatives from each unified school district within the geographical area served by the College.

### A. Reporting Entity

The area board of control is the basic level of government, which has oversight responsibility and control over all activities related to providing educational services to students. The board receives funding from federal and state government source entities and must comply with the concomitant requirements of these funding source entities. However, the board is not included in any other governmental "reporting entity", as defined by the Governmental Accounting Standards Board pronouncement, since board members are appointed by each respective public school board and have decision making authority, the power to designate management, the ability to significantly influence operations, and have primary accountability for fiscal matters.

The college has implemented Governmental Accounting Standards Board (GASB) Statement Number 39, *Determining Whether Certain Organizations are Component Units*. This pronouncement provides guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as any component unit that is financial accountable to Northwest Kansas Technical College.

There are two methods of presentation of component units: 1. Blended component units, although legally separate entity form the College, they are, in substance part of the College's operations and so data from theses component units are combined with data of the College. 2. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the College.

The College has one component unit: Northwest Kansas Technical College Endowment Association. The Association is a legally separate, tax-exempt component unit of the College. The Association acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 15-member board of the Association is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Association, the majority of resources, or income thereon, which the association holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Association can only be used by, or for the benefit of, the College, the Association is considered a component unit of the College. The Association is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Association is a private not-for-profit organization that reports its financial statements on the accrual basis in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" ("the Guide"). ASC 958-205 was effective January 1, 2018. For disclosures specific to ASC 958-205 for the Association please refer to the Associations audited financial statements.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

## Notes to Financial Statements

June 30, 2019

### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### A. Reporting Entity (continued)

As such, certain revenue recognition criteria and presentation features are difference from GASB revenue recognition criteria and presentation features. No modifications have been made to the Association's financial information in the College's financial reporting entity for these differences; however significant note disclosures to the Association's financial statements have been incorporated into the College's notes to the financial statements. Financial statements for the Association can be obtained by calling the Association at 785-890-3641.

#### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial statements – and Management's Discussion and Analysis, for State and Local Governments*, Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*, issued in June and November, 1999 and Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The financial statement presentation required by GASB Statements No. 34, 35 and 37 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows. Accordingly for financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Consequently, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund transactions have been eliminated.

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as needed.

Fund types and major funds consist of the following:

##### *Governmental funds*

The College has no governmental funds.

##### *Proprietary funds*

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to students. These activities are financed primarily by tuition and/or state and federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the College's activities as an enterprise fund

Non-exchange transactions, in which the College receives value without directly giving equal value in return, includes; federal, state, and local grants; state appropriations, and other contributions. On an accrual basis, revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

**NORTHWEST KANSAS TECHNICAL COLLEGE**  
Goodland, Kansas

Notes to Financial Statements  
June 30, 2019

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. The College's reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to the current year presentation. The following is a summary of the more significant policies.

**C. Cash and Cash Equivalents**

Cash includes deposits held at local financial institutions plus small amounts maintained for change funds. Cash equivalents include certificates of deposit with maturities of twenty four months or less.

**D. Accounts Receivable**

Accounts receivable, primarily student accounts for books, fees and tuition, are considered to be fully collectible. Any account deemed to be uncollectible is charged to expense when such determination is made. Direct bad debt write for FY'19 were \$92,284 which is approximately 2% of operating revenues and approximately 1% of operating expenses.

Student accounts receivable are recorded in the student revolving fund but the underlying revenue may be attributable to the operating, student center or housing funds. Inter fund receivable and payable balances result from the time lag between the dates the transactions are recorded in the accounting system and payments between funds are made.

**E. Inventories and Prepaid Items**

Inventories consist primarily of items held for resale by the bookstore, cafeteria food and the carpentry department house in progress. Value is determined by the cost method for the bookstore and the cafeteria. The bookstore and cafeteria costs are recorded as expenses as the inventory is consumed. The carpentry house cost is recorded as expense when the house is sold. Certain payments to vendors reflect costs applicable to future periods. Such payments, in the accompanying financial statements, are recorded as prepaid items and reflected as other assets.

**F. Deferred Revenues and Deposits**

Deferred revenues include: (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year; and (2) amounts received from contract sponsors that have not been earned.

Deposits represent miscellaneous security deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned or when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

**G. Net Position**

GASB Statement No. 34 reports equity as "Net Position" rather than "fund balance". Net Positions are classified according to external donor restrictions or availability of assets for satisfaction of College obligations. The College's net position is classified as follows:

Net investment in capital assets represents the College's total investment in capital assets, net of accumulated depreciation.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Notes to Financial Statements

June 30, 2019

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### G. Net Position (continued)

Restricted net position – expendable – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first; then unrestricted resources when they are needed. Nonexpendable restricted net position consists of endowed scholarships and fellowships for which the corpus cannot be expended.

Restricted net position – For Building Renovation – the College has received a contribution which will be used in the future for building renovation.

Unrestricted net position – This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

### H. Capital Assets

Capital assets include property, plant equipment, and infrastructure assets, such as parking lots and sidewalks. The College defines capital assets as assets with an initial unit cost of \$2,500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the College are depreciated using the straight-line method over the following useful lives:

Building and Improvements	30-50 years
Land Improvements	15-25 years
Furniture and Equipment	5-20 years
Vehicles	5 years
Computer technology	3 years

### I. Classification of Revenues

The College has classified its revenues as either Operating or Non-Operating. Operating revenues include activities that have the characteristics of exchange transactions, such as (a) student tuition and fees, and (b) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Non-operating revenue includes activities that have the characteristics of non-exchange transactions such as (a) state appropriations (b) most federal, state, and local grants and contracts and federal appropriations, and (c) gifts and contributions.

### J. Federal Financial Assistance Programs

The College participates in federally funded Pell Grant, SEOG Grant, Federal Work-Study, and Federal Family Education Loans programs. These programs require compliance with federal requirements.

### K. Financial Aid

Financial aid to students is reported in the basic financial statements under the alternative method as prescribed by the National Association of College and University Business Offices (NACUBO). Certain aid, such as loans and funds provided to students as awarded by third parties, is accounted for as a third party payment (credited to the student's account as if the student made the payment).

# **NORTHWEST KANSAS TECHNICAL COLLEGE**

Goodland, Kansas

## **Notes to Financial Statements**

June 30, 2019

### **1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **L. Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from those estimates.

#### **M. Compensated Absences**

It is the College's policy to permit employees to accumulate earned but unused vacation and sick pay. Classified employees forfeit any unused vacation at year-end or when employees separate from service. Unused sick pay may be accumulated to a maximum of 55 days. Unused sick pay is forfeited when employees separate from service. Certified employees forfeit any unused vacation pay at year-end or when employees separate from service but are allowed to accumulate a maximum of fifty-five days sick leave. There is no liability for unpaid accumulated sick leave since the College does not have a policy to pay any amounts when employees separate from services. The estimated amount of accumulated but unused sick pay for classified and certified employees totaled \$283,231 at June 30, 2019.

#### **N. Budget**

In accordance with Kansas statutes, the College has prepared an annual operating budget for submission to the Kansas Board of Regents. The budget establishes the amount of post secondary aid to be received. The budget sets the level for expenditures at the fund level. As the amount of post secondary aid is established by formula, the budget is advisory only and is not legally binding. The operating budget is prepared on the cash basis of accounting. The Board of Regents did not require a budget to be submitted this fiscal year.

#### **O. Program Revenues and Allocations of Expenses**

Program revenues (operating revenues) include student fees for tuition, room and board, bookstore sales and sales of services provided by education departments to outside customers. Indirect cost are allocated to operating - administration expense all other expenses are allocated based on time spent or direct allocation

#### **P. Component Unit**

The Association maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net position and changes therein are classified as follows:

Restricted for – Nonexpendable Scholarships and fellowships – Net position subject to donor-imposed stipulations that the Association permanently maintains the assets. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specific purposes. Restricted for – Expendable Scholarships and fellowships – Net position subject to donor-imposed stipulations that will be met by actions of the Association and/or passage of time.

Unrestricted unassigned – Net position not subject to donor-imposed restrictions may be used for general operations

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in kind gifts from outside sources are not recorded in the Association's financial records, but are accounted for and acknowledged separately.



# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Notes to Financial Statements

June 30, 2019

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### P. Component Unit

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

### Q. Non-cash Transactions

During the year ended June 30, 2019 the College did receive of equipment. The College received a Case/IH Flexicoil 150 Sprayer valued at \$40,000 and an Outback RTK Base Radio valued at \$37,000.

## 2. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the College. The statutes requires banks eligible to hold the College's funds have a main or branch in the county in which the College is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The College has no other policies that would further limit interest risk.

K.S.A. 12-1675 limits the College's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions: U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the State Municipal Investment Pool. The College has no investment policy that would further limit its investment choices.

*Concentration of credit risk;* State statutes place no limit on the amount the College may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The College's allocation of investments as of June 30, 2019 was 100% in certificates of deposit.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institution to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The College's did not have any designated peak periods for the current year. All deposits were legally secured at June 30, 2019.

At June 30, 2019 the College's carrying amount of deposits \$6,728,092 (which includes amounts maintained for cashier's change funds and petty cash totaling \$200) and the bank balance was \$7,411,537. The difference between carrying amounts and bank balances represents primarily checks that have not cleared the bank and deposits in transit. The balance was held by four banks reducing concentration of credit risk. Of the bank balance, \$1,100,000 was covered by federal deposit insurance and \$6,311,537 was collateralized with securities held by the pledging financial institution's agent in the College's name.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments be adequately secured.

At June 30, 2019 the Endowment Association's carrying amount of deposits \$280,963 and the bank balance was \$281,338. There is no difference between the carrying amounts and the bank balances. The balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$270,483 was covered by federal deposit insurance and \$10,480 was unsecured.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Notes to Financial Statements

June 30, 2019

## 2. DEPOSITS AND INVESTMENTS - continued

Investments of the Endowment Association are as follows: The Endowment Association determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each balance-sheet date. Debt securities are classified as held-to-maturity when the Association has the positive intent and ability to hold the securities to maturity. Debt securities for which the Association does not have the intent or ability to hold to maturity are classified as available-for-sale. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheet, based on contractual maturity date and are stated at amortized cost. Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized as earnings. Debt and marketable equity securities not classified as held-to-maturity or as trading, are classified as available-for-sale, and are carried at fair market value, with the unrealized gains and losses, included in the determination of changes in net assets.

Investments are carried at fair value on the statements of net position. Fair value is determined using quoted prices in active markets for identical assets (level 1). Available-for-sale securities at June 30, 2019 were made up of the following types of securities:

2019				
Level 1	Cost	Fair Value	Gross Unrealized Gain/(Loss)	Rating
Cash	\$ 20,484	\$ 20,484	\$ 0	
Municipal Bonds	613,617	622,258	8,641	BA to AA
Stocks	75,677	77,811	2,134	
	<u>\$ 709,778</u>	<u>\$ 720,553</u>	<u>\$ 10,775</u>	

2018				
Level 1	Cost	Fair Value	Gross Unrealized Gain/(Loss)	Rating
Cash	\$ 33,595	\$ 33,595	\$ 0	
Municipal Bonds	622,737	615,216	(7,521)	BA to AA
Stocks	35,091	33,920	(1,171)	
	<u>\$ 657,828</u>	<u>\$ 649,136</u>	<u>\$ (8,692)</u>	

	Estimated Fair Value	Estimated Fair Value
Sales proceeds	\$ 52,405	\$ 0
Gross realized losses	0	0
Gross realized gains	508	0

	Estimated Fair Value	Estimated Fair Value
Due in 1-5 years	\$ 132,900	\$ 351,963
Due in 6-10 years	279,247	194,921
Due after 10 years	210,111	68,332
Total investments - debt securities	<u>\$ 622,258</u>	<u>\$ 615,216</u>

## NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

### Notes to Financial Statements

June 30, 2019

### 3. PENSION PLANS

#### Kansas Public Employees Retirement System

**Plan Description** – The College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS' provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas' law establishes and amends benefit provisions. KPERS' issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

**Contributions** - K.S.A. 74-4919 and K.S.A. 74-49210 establish the KPERS member-employee contributions rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rate for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan for employer's share are the responsibility of the State of Kansas.

#### Net Pension Liability

At December 31, 2018, the College's proportionate share of the collective net pension liability reported by KPERS was \$0. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The College's proportion of the net pension liability was based on the ratio of the College's contributions to KPERS, relative to the total employer and non-employer contributions of the local subgroup within KPERS.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on allocations of the KPERS collective net pension liability to all participating employers are publically available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

#### Death and Disability Other Post Employment Benefits

As provided by K.S.A. 74-4927, disabled members in Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefits payments. The employer contribution rate is set at 1% for the year ended December 31, 2018.

#### Early Retirement Supplement Plan

**Plan Description** – The College did maintain a single-employer, defined benefit early retirement supplement plan (ERSP) for qualifying faculty. The Board has authority to set benefit provisions, funding policy for the plan and to terminate the plan at any time. When the plan was terminated, a grandfather provision existed for employees currently receiving benefits.

# **NORTHWEST KANSAS TECHNICAL COLLEGE**

Goodland, Kansas

Notes to Financial Statements  
June 30, 2019

## **3. PENSION PLANS - continued**

Under the plan certified personnel retiring or leaving in good standing from the College at age sixty, who qualify for KPERS without a reduction in benefits, would be awarded a one-time retirement supplement ranging from \$500 to \$2,000 based on years of service. In addition full-time certified personnel retiring after twenty years of service, who qualify for KPERS without a reduction in benefits, will be awarded benefits equal to ten percent of the employee's last annual contracted salary per full year until the employee reaches age sixty-five or is eligible for Medicare insurance.

**Funding Policy** – Benefits from this program were fully paid by the College and were funded on a pay as you go basis. Under this method, payments for benefits are recognized as expense when paid. The number of retirees which received benefits was six and the number of active employees who are eligible to receive these benefits was two at June 30, 2018. Benefits were fully paid to qualifying individuals as of June 30, 2018. There no expense for supplemental retirement benefits for the year ended June 30, 2019 and no future liability exists for this plan as of June 30, 2019.

## **4. RELATED PARTY TRANSACTIONS**

College personnel perform the Association's administrative activities on College premises. The value of these activities and the use of the College premises to perform these activities have not been determined.

The Association had the following transactions with the College during the year ended June 30, 2019: paid to the College \$392 for board meals, \$138 for Community Dress down Day, \$75,365 for fund raising expenses (which included \$30,000 for a scoreboard), \$2,600 for audit, \$1,313 for Student Emergency Fund, \$1,401 for food pantry, \$529 for printing and supplies, \$5,256 for SkillsUSA, and \$52,393 for athletic scholarships for a total of \$139,387.

During the year the College paid \$120,000 to an endowment trustee for a lease on Precision Ag Farm, \$73,218 to the husband of an administrative staff member for concrete work, \$4,150 to a board member for a skid steer and mower blade, and \$48,297 to a board member for work on heating and air conditioning. A board member had a personal vehicle worked on in the College's Auto Technology Department, but was charged for the services as any normal community member would be.

## **5. POST EMPLOYMENT BENEFITS**

As provided by Kansas statutes the College allows retired employees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retiree because each participant is charged a level of premium regardless of age. However the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA) the College makes health care benefits available to eligible former employees and their dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured. There is no cost to the College under this program.

## **6. CONTINGENCIES AND COMMITMENTS**

**Federal Financial Aid** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, primarily the federal government. Any disallowed costs, including amounts already collected, may constitute a liability of the College. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although College management expects such amounts, if any, to be immaterial.

**State Funding** – Approximately 40% of the College's resources come from the State of Kansas. Due to continued funding uncertainties at the State level, future funding for the College may be reduced. The ultimate effect of this possible reduction in funding on the College's future operations is not yet determinable.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

## Notes to Financial Statements

June 30, 2019

### 6. CONTINGENCIES AND COMMITMENTS - continued

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position at June 30, 2019.

The College has been named in a claim pursuant to K.S.A. 12-105b. The claim is the result of an accident which occurred on August 23, 2018. The College is named as secondarily responsible for the fact a bull escaped from an enclosure when vandals left a gate open. The land belongs to the College but was being leased by a third party at the time. The injured parties named in the claim are seeking reimbursement for medical and property damages as well as loss of earnings, pain/suffering and other physical damage. The College is vigorously defending against the claim and feels a favorable verdict will be received.

Compliance with Kansas Statutes - References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and reports and interpretation by the County Attorney and legal representation of the College. Management is not aware of any statute violations during the year.

### 7. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were not significant reductions in insurance coverage from coverage in prior years.

### 8. INTERFUND TRANSFERS

Interfund transfers are used to move revenues from the fund that collects receipts to the fund that spends them. In the year ended June 30, 2019, the College made the following transfers between funds.

Transfer to				
	Operating	Student Center	Endowment	Total
Transfer From:				
Student Revolving	\$ 72,486	\$ 2,929	\$ 0	\$ 75,415
Housing	0	21,841	15,000	36,841
	<u>\$ 72,486</u>	<u>\$ 24,770</u>	<u>\$ 15,000</u>	<u>\$ 112,256</u>

### 9. ENDOWMENT ASSOCIATION CONTRIBUTION

The College approved contributing up to \$100,000 per year from the housing fund to the Endowment Association for student scholarships. During the year ended June 30, 2019 the College transferred \$15,000 to the Endowment Association.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

## Notes to Financial Statements

June 30, 2019

### 10. CAPITAL ASSETS

College	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets				
Land	\$ 209,096	\$ 0	\$ 0	\$ 209,096
Building	7,484,327	106,699	0	7,591,026
Building remodel	1,506,568	49,853	0	1,556,421
Campus	628,520	22,772	0	651,292
Equipment	2,423,617	317,791	274,062	2,467,346
Furniture	88,660	0	1,937	86,723
Parking	50,663	23,284	0	73,947
SC Building	116,694	3,330	0	120,024
SC Building Remodel	766,092	16,509	24,283	758,318
SC Equipment	62,420	27,910	2,023	88,307
SC Furniture	2,239	0	0	2,239
Vehicles	533,797	111,163	108,690	536,270
VV Buildings	1,039,035	28,284	0	1,067,319
VV Equipment	30,889	0	0	30,889
VV Furniture	47,403	0	0	47,403
VV Parking	51,988	21,706	0	73,694
VV2 Building	583,397	0	0	583,397
Total costs	<u>15,625,405</u>	<u>729,301</u>	<u>410,995</u>	<u>15,943,711</u>
Less Accumulated Depreciation				
Land	0	0	0	0
Building	2,476,728	203,016	0	2,679,744
Building remodel	804,050	46,767	0	850,817
Campus	565,968	841	0	566,809
Equipment	1,925,697	155,284	223,795	1,857,186
Furniture	74,682	5,616	1,937	78,361
Parking	42,148	2,546	0	44,694
SC Building	94,341	2,303	0	96,644
SC Building Remodel	461,739	30,580	0	492,319
SC Equipment	57,612	3,224	1,821	59,015
SC Furniture	2,015	0	0	2,015
Vehicles	342,115	64,708	84,278	322,545
VV Buildings	478,760	33,239	0	511,999
VV Equipment	30,411	230	0	30,641
VV Furniture	47,403	0	0	47,403
VV Parking	51,009	979	0	51,988
VV2 Building	281,975	13,126	0	295,102
Total accumulated depreciation	<u>7,736,653</u>	<u>562,459</u>	<u>311,831</u>	<u>7,987,282</u>
Net Capital Assets	<u>\$ 7,888,752</u>	<u>\$ 166,842</u>	<u>\$ 99,164</u>	<u>\$ 7,956,429</u>

**NORTHWEST KANSAS TECHNICAL COLLEGE**  
Goodland, Kansas

Notes to Financial Statements  
June 30, 2019

**11. LOANS PAYABLE**

The note payable with Bankwest has an interest rate of 3.14% with a total amount of \$2,000,000 and is payable in annual installments of \$178,771 which includes interest. The collateral for the Bankwest note payable is the Sports Center and Softball Complex. The note payable with Kansas State Bank has an interest rate of 3.51% with a total amount of \$147,150 and is payable in annual instalments of \$52,533 which includes interest. The collateral for the Kansas State Bank is a 1999 MCI DL3 Motor Coach. The note payable with CNHI has no interest rate with a total balance of \$36,897 and is payable in annual instalments of \$6,150. The collateral for the CHNI loan is a skid steer.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
<b>Bankwest Loan 4/52013</b>	\$ 2,000,000	\$ 0	\$ 115,970	\$ 1,884,030

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 119,612	\$ 59,159
2021	123,216	55,555
2022	127,237	51,543
2023	131,232	47,539
2024	135,352	43,418
Yrs 2025-2029	743,068	150,785
Yrs 2030-2032	504,313	31,995
	<u>\$ 1,884,030</u>	<u>\$ 439,994</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
<b>Kansas State Bank</b>	\$ 99,782	\$	\$ 49,030	\$ 50,752

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 50,752	\$ 1,781
	<u>\$ 50,752</u>	<u>\$ 1,781</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
<b>CNHI Capital</b>	\$ 36,898	\$ 0	\$ 6,148	\$ 30,750

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 6,150	\$ 0
2021	6,150	0
2022	6,150	0
2023	6,150	0
2024	6,150	0
	<u>\$ 30,750</u>	<u>\$ 0</u>



**NORTHWEST KANSAS TECHNICAL COLLEGE**  
Goodland, Kansas

Notes to Financial Statements  
June 30, 2019

**12. OPERATING LEASE**

The College has a three year lease for computer equipment which started in July 2017 and has annual payments of \$40,677. Expenses for June 30, 2019 were \$40,677. This lease has one year left after June 30, 2019.

**Apple Lease Agreement #2**

2020 Payment \$ 40,677

**13. ENDOWMENT ASSOCIATION CHANGES TO NET POSITION**

	Without Donor Restrictions	With Donor Restrictions
Beginning Balances	\$ 199,874	\$ 754,141
Gifts and contributions	343,563	51,943
Fundraising events	127,358	0
Transfers in	15,000	0
Investment income	13,724	0
Unrealized gains (losses)	19,467	0
Realized gains (losses)	(508)	0
Administration	(92,629)	0
Financial aid	(421,841)	0
Ending Balances	\$ <u>204,008</u>	\$ <u>806,084</u>
Permanently Restricted (Nonexpendable)		\$ 503,788
Temporarily Restricted (Expendable)		<u>302,296</u>
For Scholarships and Fellowships		\$ <u>806,084</u>

**14. SUBSEQUENT EVENTS**

The entity evaluated subsequent events through October 31, 2019, the date the financial statement were available to be issued. The campus suffered hail damage in September 2016. Damage was estimated to be over \$2.3 million. The College, at the date of this report, has made significant repairs to some buildings but still has needed repairs to other buildings. The amount shown as insurance proceeds payable of \$1,282,285 is the remaining insurance proceeds remaining to make the additional repairs.

## REQUIRED SUPPLEMENTAL INFORMATION

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Schedule for Major Funds

Schedule of Net Position

June 30, 2019

	<u>Operating</u>	<u>Student Revolving</u>	<u>Student Center</u>	<u>Facilities</u>	<u>Housing</u>	<u>Total</u>
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and demand deposits	\$ 1,491,956	\$ 529,741	\$ (46,855)	\$ 7,212	\$ 21,568	\$ 2,003,622
Time deposits	1,790,983	655,322	502,880	606,672	1,166,601	4,722,458
Cash in agency funds	2,012	0	0	0	0	2,012
Accounts receivable	0	1,239,042	0	0	0	1,239,042
Accounts receivable other	45,692	67,764	0	0	0	113,456
Prepaid insurance	0	0	0	0	0	0
Inventories	0	0	264,699	0	0	264,699
Total current assets	<u>3,330,643</u>	<u>2,491,869</u>	<u>720,724</u>	<u>613,884</u>	<u>1,188,169</u>	<u>8,345,289</u>
<b>NONCURRENT ASSETS</b>						
Capital assets, net	<u>6,771,964</u>	<u>0</u>	<u>318,894</u>	<u>0</u>	<u>865,571</u>	<u>7,956,429</u>
Total assets	<u>\$ 10,102,607</u>	<u>\$ 2,491,869</u>	<u>\$ 1,039,618</u>	<u>\$ 613,884</u>	<u>\$ 2,053,740</u>	<u>\$ 16,301,718</u>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable						
and accrued liabilities	\$ 75,329	\$ 2,456	\$ 2,087	\$ 0	\$ 1,907	\$ 81,779
Due to agency funds	4,238	0	0	0	0	4,238
Due to club accounts	0	37,255	0	0	0	37,255
Notes Payable	176,513	0	0	0	0	176,513
Insurance Proceeds Payable	1,282,285					1,282,285
Deferred revenue	0	58,474	0	0	24,000	82,474
Total current liabilities	<u>1,538,365</u>	<u>98,185</u>	<u>2,087</u>	<u>0</u>	<u>25,907</u>	<u>1,664,544</u>
<b>LONG-TERM LIABILITIES</b>						
Notes Payable	<u>1,789,019</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,789,019</u>
Total liabilities	<u>\$ 3,327,384</u>	<u>\$ 98,185</u>	<u>\$ 2,087</u>	<u>\$ 0</u>	<u>\$ 25,907</u>	<u>\$ 3,453,563</u>
<b>NET POSITION</b>						
Invested in capital assets	\$ 6,771,964	\$ 0	\$ 318,894	\$ 0	\$ 865,571	\$ 7,956,429
Unrestricted	<u>3,259</u>	<u>2,393,684</u>	<u>718,637</u>	<u>613,884</u>	<u>1,162,262</u>	<u>4,891,726</u>
Total net position	<u>\$ 6,775,223</u>	<u>\$ 2,393,684</u>	<u>\$ 1,037,531</u>	<u>\$ 613,884</u>	<u>\$ 2,027,833</u>	<u>\$ 12,848,155</u>

See Independent Auditor's Report.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

## Combining Schedule for Major Funds Schedule of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2019

	<u>Operating</u>	<u>Student Revolving</u>	<u>Student Center</u>	<u>Facilities</u>	<u>Housing</u>	<u>Total</u>
<b>REVENUES</b>						
Operating Revenues						
Student tuition and fees	\$ 1,967,613	\$ 156,687	\$ 4,094	\$ 0	\$ 0	\$ 2,128,394
Sales and services of educational departments	106,009	886,816	0	0	0	992,825
Residential life	0	0	523,406	0	359,960	883,366
Bookstore	0	0	466,158	0	0	466,158
Other operating revenues	200	4,116	0	0	0	4,316
	<u>2,073,822</u>	<u>1,047,619</u>	<u>993,658</u>	<u>0</u>	<u>359,960</u>	<u>4,475,059</u>
Total operating revenues						
<b>EXPENSES</b>						
Operating Expenses						
Administration	891,313	0	0	0	0	891,313
Instruction	2,684,597	0	0	0	0	2,684,597
Academic support	35,097	0	0	0	0	35,097
Operation of plant	664,018	52,104	38,254	0	200,708	955,084
Cost of sales and services of educational departments	0	418,127	0	0	0	418,127
Student activities	1,535,788	338,182	949,746	0	0	2,823,716
Interest Expense	63,571	0	0	0	0	63,571
Bad Debts	92,284	0	0	0	0	92,284
Depreciation	478,779	0	36,107	0	47,575	562,461
	<u>6,445,447</u>	<u>808,413</u>	<u>1,024,107</u>	<u>0</u>	<u>248,283</u>	<u>8,526,250</u>
Total operating expenses						
Operating income (loss)	<u>(4,371,625)</u>	<u>239,206</u>	<u>(30,449)</u>	<u>0</u>	<u>111,677</u>	<u>(4,051,191)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
State appropriations	3,268,232	0	0	0	0	3,268,232
Federal grants	154,103	686	0	0	0	154,789
State and local grants and contributions	466,154	0	0	0	0	466,154
Transfer of Funds	72,486	(75,415)	24,770	0	(21,841)	0
Transfer to Endowment	0	0	0	0	(15,000)	(15,000)
Investment income	42,263	20,832	809	3,788	9,319	77,011
Gain on asset dispositions	(39,679)	0	(202)	0	0	(39,881)
	<u>3,963,559</u>	<u>(53,897)</u>	<u>25,377</u>	<u>3,788</u>	<u>(27,522)</u>	<u>3,911,305</u>
Net nonoperating revenues						
Increase (decrease) in net assets	(408,066)	185,309	(5,072)	3,788	84,155	(139,886)
<b>NET POSITION</b>						
Net Position - beginning of year	<u>7,183,289</u>	<u>2,208,375</u>	<u>1,042,603</u>	<u>610,096</u>	<u>1,943,678</u>	<u>12,988,041</u>
Net Position - end of year	<u>\$ 6,775,223</u>	<u>\$ 2,393,684</u>	<u>\$ 1,037,531</u>	<u>\$ 613,884</u>	<u>\$ 2,027,833</u>	<u>\$ 12,848,155</u>

See Independent Auditor's Report.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

## Combining Schedule for Major Funds

### Schedule of Cash Flows

For the Year Ended June 30, 2019

	Operating	Student Revolving	Student Center	Facilities	Housing	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Tuition and fees	\$ 1,875,329	\$ 156,687	\$ 4,094	\$ 0	\$ 0	\$ 2,036,110
Residential life	0	0	523,406	0	359,960	883,366
Sales and services of educational departments	85,174	513,821	0	0	0	598,995
Auxiliary enterprises charges	0	0	466,158	0	0	466,158
Other receipts	200	4,428	0	0	(8,600)	(3,972)
Payments to employees	(4,070,312)	(53,099)	(38,254)	0	(65,003)	(4,226,668)
Payments to vendors	(2,085,672)	(750,131)	(952,681)	0	(134,510)	(3,922,994)
Interest Expense	(63,571)	0	0	0	0	(63,571)
Net cash provided (used) by operating activities	(4,258,852)	(128,294)	2,723	0	151,847	(4,232,576)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
State appropriations	3,268,232	0	0	0	0	3,268,232
Federal and State grants	620,257	686	0	0	0	620,943
Interfund Transfers	72,486	(75,415)	24,770	0	(36,841)	(15,000)
Net cash provided (used) by noncapital financing activities	3,960,975	(74,729)	24,770	0	(36,841)	3,874,175
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>						
Purchase of capital assets	(631,562)	0	(23,466)	0	(49,991)	(705,019)
Proceeds from Capital Assets Dispositions	35,000	0	0	0	0	35,000
Note Repayments	(171,148)	0	0	0	0	(171,148)
Net cash (used) by capital financing activities	(767,710)	0	(23,466)	0	(49,991)	(841,167)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	42,263	20,832	809	3,788	9,319	77,011
Net cash provided by investing activities	42,263	20,832	809	3,788	9,319	77,011
Net increase (decrease) in cash	(1,023,324)	(182,191)	4,836	3,788	74,334	(1,122,557)
Cash - beginning of the year	4,308,275	1,367,254	451,189	610,096	1,113,835	7,850,649
Cash - end of year	\$ 3,284,951	\$ 1,185,063	\$ 456,025	\$ 613,884	\$ 1,188,169	\$ 6,728,092
Cash and demand deposits	1,491,956	529,741	(46,855)	7,212	21,568	2,003,622
Time deposits	1,790,983	655,322	502,880	606,672	1,166,601	4,722,458
Cash in agency funds	2,012	0	0	0	0	2,012
	\$ 3,284,951	\$ 1,185,063	\$ 456,025	\$ 613,884	\$ 1,188,169	\$ 6,728,092
<b>Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities</b>						
Operating income (loss)	\$ (4,371,625)	\$ 239,206	\$ (30,449)	\$ 0	\$ 111,677	\$ (4,051,191)
Adjustments to reconcile net income (loss) to net cash:						
Depreciation expense	478,779	0	36,107	0	47,575	562,461
Bad debts	92,284	0	0	0	0	92,284
Change in assets and liabilities:						
Receivables	(113,119)	(372,995)	0	0	0	(486,114)
Inventories	0	0	14,901	0	0	14,901
Insurance Proceeds Payable	(328,683)	0	0	0	0	(328,683)
Deferred revenue	0	312	0	0	(8,600)	(8,288)
Accounts payable	(16,488)	5,183	(17,836)	0	1,195	(27,946)
	\$ (4,258,852)	\$ (128,294)	\$ 2,723	\$ 0	\$ 151,847	\$ (4,232,576)

See Independent Auditor's Report.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

## Schedule of Management Information Schedule of Expenses by Function and Object For the Year Ended June 30, 2019

	<u>General</u> <u>Administration</u>	<u>Instruction</u>	<u>Academic</u> <u>Support</u>	<u>Operation</u> <u>of Plant</u>	<u>Student</u> <u>Activities</u>	<u>Total</u>
Salaries	\$ 274,853	\$ 1,968,122	\$ 28,295	\$ 139,910	\$ 987,852	\$ 3,399,032
Benefits	54,281	388,687	5,588	27,631	195,092	671,279
Services	13,021	93,241	1,341	6,628	46,800	161,031
Supplies	11,907	1,464	(127)	9,206	46,825	69,275
Utilities	0	0	0	265,690	0	265,690
Other	537,251	233,083	0	214,953	259,219	1,244,506
Bad Debts	92,284	0	0	0	0	92,284
Interest				63,571		63,571
Depreciation	0	0	0	478,779	0	478,779
<b>Total</b>	<b>\$ 983,597</b>	<b>\$ 2,684,597</b>	<b>\$ 35,097</b>	<b>1,206,368</b>	<b>\$ 1,535,788</b>	<b>\$ 6,445,447</b>
Bad debts	(92,284)			0		
Interest	0			(63,571)		
Depreciation	0			(478,779)		
To Sch	<b>\$ 891,313</b>			<b>\$ 664,018</b>		

See Independent Auditor's Report.

**NORTHWEST KANSAS TECHNICAL COLLEGE**

Goodland, Kansas

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Revenues</u>	<u>Expenditures</u>
<b>U.S. Department of Education</b>			
Direct Programs			
Pell Grant Program	84.063	\$ 921,171	\$ 921,171
College Work Study	84.033	23,784	23,784
Federal Family Education Loan	84.032	1,380,649	1,380,649
Supplemental Educational Opportunity Grant	84.007	<u>17,596</u>	<u>17,596</u>
		<u>2,343,200</u>	<u>2,343,200</u>
 Passed through Kansas Department of Education			
Carl D. Perkins Vocational	84.048	<u>186,538</u>	<u>186,538</u>
		<u>186,538</u>	<u>186,538</u>
 Total Federal Assistance		<u>\$ 2,529,738</u>	<u>\$ 2,529,738</u>

See Independent Auditor's Report.  
See following notes to this schedule.



# **NORTHWEST KANSAS TECHNICAL COLLEGE**

Goodland, Kansas

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2019

### **NOTE A. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Northwest Kansas Technical College under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of Northwest Kansas Technical College, it is not intended to and does not present the statements of net position, changes in net position or cash flows of Northwest Kansas Technical College.

### **NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the basis of U.S. generally accepted accounting principles. Expenditures as reported on the Schedule are recognized under the basis described above and follow the cost principles contained in the Uniform Guidance regarding *Cost Principles* wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

### **NOTE C. INDIRECT COST RATES**

Northwest Kansas Technical College has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

## **SPECIAL REPORTS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Area Board of Control  
Northwest Kansas Technical College  
Goodland, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of Northwest Kansas Technical College as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Northwest Kansas Technical College financial statements, and have issued our report there on dated October 31, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Northwest Kansas Technical College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. According, we do not express an opinion on the effectiveness of Northwest Kansas Technical College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less than a material weakness, yet important enough to merit attention by those charged with governance.

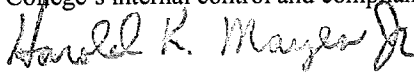
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northwest Kansas Technical College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Harold K. Mayes Jr CPA  
Agler & Gaeddert, Chartered  
Ottawa, Kansas  
October 31, 2019



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Area Board of Control  
Northwest Kansas Technical College  
Goodland, Kansas

### Report on Compliance for Each Major Federal Program

We have audited the Northwest Kansas Technical College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northwest Kansas Technical College's major federal programs for the year ended June 30, 2019. Northwest Kansas Technical College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with types of compliance requirements referred to above that could have a direct and material effect on major federal program occurred. An audit includes examining, on a tests basis, evidence about Northwest Kansas Technical College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Northwest Kansas Technical College's compliance.

### Opinion on Each Major Federal Program

In our opinion, Northwest Kansas Technical College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

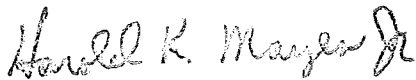
### Report on Internal Control over Compliance

Management of Northwest Kansas Technical College is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Kansas Technical College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of the testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Harold K. Mayes Jr CPA  
Agler & Gaeddert, Chartered  
Ottawa, Kansas  
October 31, 2019

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2019

### SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting

Material weakness(es) identified?

No

Significant deficiencies identified not considered to be material weaknesses:

None reported

Noncompliance material to financial statements noted?

No

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?

No

Significant deficiencies identified not considered to be material weaknesses:

None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 cFR 200.516(a)?

No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
<u>SFA Cluster</u>		
84.063	Federal Pell Grant Program	\$ 921,171
84.033	College Work Study	23,784
84.268	Federal Direct Student Loans	1,380,649
84.007	Supplemental Educational Opportunity Grant	<u>17,596</u>
		<u>\$ 2,343,200</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

Yes